

6 APR 1978

DD/A Registry

File

Personnel-11

MEMORANDUM FOR: Deputy Director for Administration

FROM: James H. McDonald
Director of Logistics

SUBJECT: Status of Costs and Project Implementation,
Headquarters Recreation Project

1. This memorandum addresses the status of the Headquarters Recreation Project and is provided for your information only.

2. As originally approved, this project consisted of Phase I including a roadway, parking lot, access gate, and electrocard gate control equipment; and Phase II including a softball/soccer field, basketball/volleyball court, and a handball court. Although tennis courts were included in original design sketches, they were not approved but are presently being reconsidered for implementation pending identification of funding. Budgetary costs derived in February 1977, based upon conceptual sketches, resulted in an Agency estimate of \$15,700 for Phase I and \$50,000 for Phase II. The tennis courts were not originally approved and will be called Phase III for the purposes of this memorandum.

3. Original Phase I funding of \$15,700 was transmitted to the General Services Administration (GSA) in September 1977 prior to completion and coordination of design working drawings on 10 January 1978. Contrary to a previous understanding, the Headquarters Buildings Manager informed he would be unable to contract directly for the work and subsequently the Construction Management Division of GSA was requested to contract for construction on an accelerated basis. GSA requested change order proposals from two contractors presently performing projects at the Headquarters site and concurrently prepared an independent GSA cost estimate. The lowest proposal was \$41,000, the GSA estimate

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was \$36,800, and the GSA negotiated amount was \$37,500. GSA requested the original \$15,700 be supplemented by \$24,200 for a total Phase I project cost of \$39,900 including GSA handling costs.

4. The additional funding was transmitted to GSA on 20 March 1978 and the change order was mailed to the contractor on 28 March 1978. GSA has been informed that the contractor will start work on or about 3 April 1978 and that the anticipated target date for completion will be 15 May 1978. It is also understood that the gate operators will be on special order and will not be available for approximately 12 weeks. However, access to the site will be available through manual operation of the newly constructed gate when the project will be essentially completed in May.

5. The difference between the original budgetary cost estimate (\$15,700) for Phase I and the actual contract (\$37,500) is attributable to many factors. Budgetary costs were estimated on the basis of conceptual sketches in February 1977 without benefit of a detailed survey of all site engineering factors. In the preparation of detailed engineering drawings, more accurate determination of site conditions and the identification of additional cost factors became evident. In design coordination with GSA designers, GSA requested that additional drainage features and a paved access apron be incorporated in the design thus increasing the cost.

6. Further cost increase factors include yearly construction cost escalation from February 1977 to April 1978, higher than expected local wage rates and contractor employee benefits costs, and an Agency understated estimate of general contractor overhead and profit. Relatively small jobs of this size requiring costly mobilization of equipment and personnel involve increased cost factors which were not included in the original budgetary estimate. Accomplishing work through change order to a contract, as is being done in this instance to achieve accelerated project completion, introduces higher than normally expected costs of projects which are competitively advertised and bid.

7. Phase II of the Recreation Project was estimated to cost \$50,000 in February 1977 based upon conceptual sketches

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and direct contracting for construction by the Employee Activity Association (EAA). In the process of detail engineering design, engineering survey of the site, and coordination with EAA representatives, the original conceptual scheme was modified to achieve additional facilities benefits at somewhat increased site modification costs.

8. Upon our completion of the engineering drawings and contract package, EAA informed me that it was unable to accept the legal liabilities inherent in contracting for the Phase II work and accordingly declined to contract directly for the construction. The Construction Management Division of GSA was requested to accept \$50,000 of EAA funds and contract for the work on a most expeditious basis. In view of the moderately small size of the project, GSA advised that it could accomplish the work within a reasonable time through public advertising and competitive bidding.

9. In our continuing interface with GSA on this phase of the project, we have eliminated the high quality, high cost surface treatment of the basketball and handball courts and substituted standard playground asphalt playing surfaces. GSA has prepared a detailed estimate computing costs of the softball/soccer fields to be \$33,000; \$12,200 for the basketball/volleyball court; \$3,000 for GSA handling; and \$1,800 for contingencies.

10. In view of the above and the \$50,000 limit for this phase of the project, GSA will publicly advertise for bid proposals with the softball/soccer field as the base bid, the basketball/volleyball court as the first add alternate, and the handball court as the second add alternate.

11. The design drawings and specifications have been revised and were delivered to GSA on 31 March 1978. A work order and a separate memorandum signed by the President of EAA, certifying the availability of \$50,000 for Phase II, was handcarried to GSA on 20 March 1978. The Agency has agreed to reproduce all the design drawings, specifications,

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and the contract document package in order to save time. GSA now advises that the following project schedule is anticipated:

Submittal of Revised Working Drawings and Specifications to GSA	March 31
GSA Completes Preparation of Special Conditions and Boilerplate	April 7
CIA Completes Reproduction of Plans and Specifications	April 12
GSA Issues Invitation to Bid	April 17
Bid Opening Date	May 9
Contract Award	May 18
Notice to Proceed	May 25
Project Completion Date (60 Days Construction)	July 25

12. The variance between original budgetary estimate of costs for Phase II and present GSA estimates is due to increased cost factors resulting from design changes between conceptual sketches and detailed engineering drawings, construction cost escalation from February 1977 to April 1978, and a change from private contracting to Government contracting. Government contracting is more costly than private contracting by a considerable amount in view of necessary compliance with Federal Procurement Regulations and, most importantly, the wide range of costs between lower wage scales available under private contracting as compared to the higher local wage rates required by Government contracting. The Agency cost estimate was prepared on the basis of direct, private contracting by EAA. GSA handling costs of \$3,000 became an additional cost factor when it was requested to implement and award this construction contract.

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13. Design work continues on Phase III as very limited in-house architectural and engineering design resources are available. However, as relative priorities for engineering application are established, greater emphasis can be directed to this final phase of the project as required. In the meantime, it is understood that the source of funding for the totality or portion of Phase III is presently in the process of being identified and approved.

14. We will keep you apprised of the status of each phase of this project as pertinent milestones or progress occurs. The Chief, Benefits and Services Division, Office of Personnel, has also been kept apprised of project status in a continuing manner.

[Redacted Signature Box]

James H. McDonald
Director of Logistics

STATINTL

OFFICIAL ROUTING SLIP

Approved For Release 2003/06/13 : CIA-RDP81-00142R000500030006-1

TO	NAME AND ADDRESS	DATE	INITIALS
1	<i>Mike Melnick</i>	7 APR 1978	<i>h</i>
2			
3	<i>DDA</i>	7 APR 1978	<i>[Signature]</i>
4	<i>EO/DDA</i>		
5			
6			

<input type="checkbox"/> ACTION	<input type="checkbox"/> DIRECT REPLY	<input type="checkbox"/> PREPARE REPLY
<input type="checkbox"/> APPROVAL	<input type="checkbox"/> DISPATCH	<input type="checkbox"/> RECOMMENDATION
<input type="checkbox"/> COMMENT	<input type="checkbox"/> FILE	<input type="checkbox"/> RETURN
<input type="checkbox"/> CONCURRENCE	<input type="checkbox"/> INFORMATION	<input type="checkbox"/> SIGNATURE

Remarks:

Is this all in order, we do not have any danger signals, including quiet. To

OK

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FROM: NAME, ADDRESS AND PHONE NO.

DATE

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OFFICIAL ROUTING SLIP

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	APPROVAL	DISPATCH	RECOMMENDATION	
	COMMENT	FILE	RETURN	
	CONCURRENCE	INFORMATION	SIGNATURE	

Remarks:

I wish they would
stop referring to this
as "Recreational"
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Physical Conditioning Facilities

DDA 78-0170/10

John F. Blake
Deputy Director for Administration

4 APR 1978

DCI

Reference: Memo to DCI from DDA,
dated 8 March 1978, re physical
conditioning facilities.

1. The EAA Board concluded that there was a need for additional recreation and athletic facilities and that up to \$50,000 of EAA reserves could be equitably used for this purpose without jeopardizing the ability of the Association to meet its obligations to the total membership. The Board considered the activities which would provide the most value for the greatest number of EAA members and approved the expenditure of up to \$50,000 for the following athletic facilities listed in order of preference:

- Softball field
- Football/soccer field
- Basketball court
- Volleyball equipment
- Handball court
- Contingency, maintenance and upkeep

ADDA/MJMalanick:lm (4 April 1978)

Distribution:

Orig RS - DCI
1 RS - DDCI
1 RS - ER
1 RS - DDA Subject
1 RS - DDA Chrono
1 RS - JFB Chrono
1 RS - MJM Chrono

2. The Board did not believe it could justify to the entire membership allocation of substantial sums to tennis courts, which could be used by only a limited number of members.

/s/ John Blake

John F. Blake
Deputy Director
for
Administration

Background: DDA 78-0170/8, Memo to DCI from DDA,
dated 8 March 1978, re physical conditioning
facilities. Returned to DDA with DCI comment:
"Can't we do them with EAA?"

cc: DDCI